

SESSION OF 2011

SUPPLEMENTAL NOTE ON SENATE BILL NO. 182

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 182 would permanently amend the distribution of sales tax receipts from the 1.25 percent levy paid by insurance companies on certain fire and lightning premiums. The bill would require that 20.0 percent (an amount limited to \$200,000 for the administrative services fee) of the overall tax receipts that go to the State General Fund be split proportionally among three agencies: the State Fire Marshal, the Board of Emergency Medical Services, and the Kansas Fire and Rescue Training Institute (University of Kansas).

The bill would codify a 2010 proviso (Section 51(b), H. Sub. for SB 572) that allocated the split of the 20.0 percent allocation of the tax receipts with the remaining balance of each deposit to be credited as follows:

- 64.0 percent to the State Fire Marshal Fee Fund [State Fire Marshal];
- 20.0 percent to the Emergency Medical Services Board Operating Fund [Board of Emergency Medical Services]; and
- 16.0 percent to the Fire Service Training Program Fund [University of Kansas].

Prior to the 2010 proviso, the State Fire Marshal Fee Fund was solely assessed the administrative services fee (up to \$200,000 to the State General Fund).

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Background

The bill was introduced by the Senate Ways and Means Committee. The amounts assessed for FY 2011 (per the proviso) are as follows: \$128,000 from the State Fire Marshal; \$40,000 from the Emergency Medical Services Board; and \$32,000 from the University of Kansas Fire and Rescue Training Institute.

The Acting State Fire Marshal appeared in support of the bill and indicated that prior to the 2010 proviso, the 20 percent with a maximum of \$200,000, was taken only from the Fire Marshal's portion of the fund after the fund was distributed to the three agencies. The bill would be much more equitable, the Fire Marshal stated, by allowing for all three agencies to share in the administrative fee for the fund. A representative of the State Farm Insurance Companies offered neutral testimony on the bill, stating that State Farm is most concerned with any attempt to increase the taxes on fire insurance premiums from the overall tax (1.25 percent) and the potential for the Fire Marshal's Office to experience financial issues. The representative stated in response to a Committee question that State Farm does not object to codifying the proviso in the bill.

There were no opponents to the bill at the time of the Senate Committee hearing.

The fiscal note prepared by the Division of the Budget states that the Kansas Insurance Department indicates that passage of the the bill would have no fiscal effect on the agency. The State Fire Marshal indicates that the bill may improve the cash flow for the agency slightly by providing an additional \$72,000 in revenue for FY 2012. The Board of Emergency Medical Services estimates the bill would reduce revenue by \$40,000 per year. The Kansas Fire and Rescue Training Institute estimates annual funding would be reduced by \$32,000. Any fiscal effect associated with the bill is not reflected in *The FY 2012 Governor's Budget Report*.